

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 EUR-12 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

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FM AMEMBASSY ABIDJAN

TO SECSTATE WASHDC PRIORITY 2154

INFO AMEMBASSY BAMAKO

AMEMBASSY COTONOU

AMEMBASSY DAKAR

AMEMBASSY LIBREVILLE

AMEMBASSY LOME

AMEMBASSY NDJAMENA

AMEMBASSY NOUAKCHOTT

AMEMBASSY OUAGADOUGOU

AMEMBASSY PARIS

AMEMBASSY YAOUNDE

USMISSION GENEVA

AMEMBASSY BRUSSELS

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BRUSSELS FOR USEC

EO 11652: N/A

TAGS: ETRD

SUBJECT: TRADE ACT OF 1974

REF: STATE 028219 B) STATE 023113 C) STATE 032864 D) STATE 282968

E) STATE 282967 F) DAKAR 0501

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1. REGARDING QUESTION RAISED IN REFTEL A, EMBASSY

DOES NOT BELIEVE THAT THERE IS REALISTIC POSSIBILITY THAT GOIC WOULD REJECT DESIGNATION AS BENEFICIARY DEVELOPING COUNTRY. EMBASSY HAS NOT, HOWEVER, RECEIVED WRITTEN OR VERBAL AFFIRMATIVE RESPONSE FROM GOIC TO APPROACH MADE PURSUANT PARA 10, REFEL E.

2. FOR EMBASSY AND PERHAPS INFO ADDRESSEES, THERE IS UNCERTAINTY REGARDING HOW FRANCOPHONE AFRICAN STATES WILL ADJUST TO TERMINATION OF YAOUNDE CONVENTION TRADE PROVISIONS. EEC AND AOC COUNTRIES HAVE EXTENDED APPLICATION OF TRADE PROVISIONS TO JULY 31, 1975. TO GIVE NATIONAL LEGISLATIVE AUTHORITIES TIME TO RATIFY NEW LOME CONVENTION. ACCORDING TO REFTEL C:
" THE ACP'S ARE ONLY REQUIRED TO GRANT THE EEC TRADE TREATMENT NO LESS FAVORABLE THAN MFN AND NOT TO DISCRIMINATE BETWEEN MEMBER STATES. AN ACP IS THUS FREE TO GIVE REVERSE PREFERENCE IF IT DESIRES (I.E. SENEGAL PERHAPS)." THUS, AS OF AUGUST 1, 1975 YAOUNDE CONVENTION MEMBERS MUST DECIDE WHETHER TARIFFS (DROITS DE DOUANE), WHICH THEREFORE APPLIED ONLY TO NON-EEC/AOC COUNTRIES PRODUCTS, WILL NOW BE APPLIED ON MFN BASIS, OR WHETHER REVERSE PREFERENCES IN FAVOR OF EEC/AOC COUNTRIES' PRODUCTS WILL BE CONTINUED.

3. THE FOLLOWING QUESTIONS ARISE:

A. WHETHER AOC'S WHICH CONTINUE TO PROVIDE REVERSE PREFERENCES WOULD QUALIFY FOR BENEFICIARY DEVELOPING COUNTRY STATUS SINCE THEY MAY NOT BE COMPLYING WITH SECTION 502 (B) (3) OF THE TRADE ACT OF 1975, IF THE PREFERENTIAL TREATMENT "HAS OR IS LIKELY TO HAVE, A SIGNIFICANT ADVERSE EFFECT ON UNITED STATES COMMERCE..."?

B. WHETHER AOC'S UPON EXPIRATION OF YAOUNDE CONVENTION CAN LEGALLY CONTINUE TO GRANT EEC COUNTRIES REVERSE PREFERENCES SINCE THE "DEROGATION" FROM GATT ARTICLE 1 (MFN) OBLIGATIONS BY VIRTUE OF APPLICATION OF GATT ARTICLE 24 (CUSTOMS UNION) WOULD NO LONGER APPLY?

C. WHAT, APART FROM "DIGNITY", MIGHT AOC'S WHICH CONTINUE REVERSE PREFERENCES OBTAIN FROM EEC; WOULD LIMITED OFFICIAL USE

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THIS REALLY " ASSURE LARGER SHARE OF EEC MULTILATERAL AND BILATERAL AIDE" (REFTEL F)?
COMMENT: E/C COUNSELOR DISCUSSED WITH GOIC DIRECTOR GENERAL OF CUSTOMS HOW IVORY COAST PLANS TO CHANGE ITS TARIFF STRUCTURE UPON TERMINATION OF YAOUNDE CONVENTION TRADE PROVISIONS. HE REPLIED THAT HIS "PERSAFAL" VIEW IS THAT TARIFFS (DROITS DE DOUANE) WOULD BE APPLIED ON MFN BASIS, I.E. EEC PROJECTS WOULD THEREAFTER

BE SUBJECT TO TARIFFS. HE GAVE FOLLOWING RATIONALE FOR
THIS APPROACH:

A. ANGLOPHONE ACP COUNTRIES (PLUS TOGO AND ZAIRE),
WHICH HAVE NOT ACCORDED REVERSE PREFERENCES, WOULD
CONTINUE TO APPLY THEIR REGULAR TARIFF REGIME;
B. GOIC WOULD OBTAIN INCREASED CUSTOMS REVENUE AND
C. IVORY COAST WOULD BE IN A BETTER NEGOTIATING POSITION
DURING GENEVA MULTILATERAL TRADE NEGOTIATIONS. HOWEVER,
DIRECTOR GENERAL STRESSED THAT ULTIMATE DECISION WAS
A POLITICAL ONE. EMBASSY WILL CONTINUE TO FOLLOW ISSUE
CLOSELY AND WOULD APPRECIATE RECEIVING COMMENTS AND
GUIDANCE FROM DEPARTMENT AND OTHER ADDRESSEES.
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